



August 8, 2014

HAND DELIVERY

Mr. Andrew Maurey, Director
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
14 AUG - 8 PM 12: 54
DIVISION OF
ACCOUNTING & FINANCE

Re: Florida Public Utilities Company (Electric and all Gas Divisions), and Central Florida Gas (Florida Division of Chesapeake Utilities Corporation) 2nd Quarter Surveillance Reports

Dear Mr. Maurey:

In accordance with Rules 25-6.1352(3) and 25-7.1352(3), F.A.C., Florida Public Utilities Company (Electric Division and all Natural Gas Divisions), as well as the Florida Division of Chesapeake Utilities Corporation, hereby submit the required 2nd Quarter Earnings Surveillance Reports for 2014, along with an additional copy of each report.

As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

cc: Bart Fletcher

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 RATE OF RETURN REPORT SUMMARY
 June 30, 2014

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (41,722)	\$ 96,839	\$ 55,117	\$ 30,541	\$ 85,658
AVERAGE RATE BASE	\$ 2,249,416	\$ (106,438)	\$ 2,142,978	\$ (575,925)	\$ 1,567,053
AVERAGE RATE OF RETURN	<u>-1.85%</u>		<u>2.57%</u>		<u>5.47%</u>
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ (41,722)	\$ 93,310	\$ 51,588	\$ 30,541	\$ 82,129
YEAR-END RATE BASE	\$ 2,001,232	\$ 7,783	\$ 2,009,015	\$ (575,925)	\$ 1,433,090
YEAR-END RATE OF RETURN	<u>-2.08%</u>		<u>2.57%</u>		<u>5.73%</u>
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	7.24%				
MIDPOINT	7.78%				
HIGH	8.32%				
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
A.	RETURN ON COMMON EQUITY			1.84%	
B.	EXCL ACQUISITION ADJUSTMENT			7.54%	

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Cheryl Martin
 Director, Regulatory Affairs

Cheryl M Martin
 Signature *per MDA*

8/7/14
 Date

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	2,900,614	(903,863)	1,996,751	-	67,230	2,063,981	185,435	2,249,416
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL								
CORRECT AMORT. OF ACQ. ADJ. PSC-14-0015-PAA-GU		(71,710)	(71,710)			(71,710)		(71,710)
REMOVE NET UNRECOVERED PGA COST DKT 030954-GU							(34,728)	(34,728)
TOTAL FPSC ADJUSTMENTS	-	(71,710)	(71,710)	-	-	(71,710)	(34,728)	(106,438)
FPSC ADJUSTED	2,900,614	(975,573)	1,925,041	-	67,230	1,992,271	150,707	2,142,978
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	(745,800)	169,875	(575,925)			(575,925)		(575,925)
TOTAL PRO FORMA ADJUSTMENTS	(745,800)	169,875	(575,925)	-	-	(575,925)	-	(575,925)
PRO FORMA ADJUSTED	2,154,814	(805,698)	1,349,116	-	67,230	1,416,346	150,707	1,567,053

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 AVERAGE RATE OF RETURN
 For the 12 Months Ending June 30, 2014
 INCOME STATEMENT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$ 527,193	\$ 7,676	\$ 306,045	\$ 272,638	\$ 17,887	\$ (35,331)				\$ 568,915	\$ (41,722)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (6,721)				\$ (6,721)	\$ 6,721
2) Elem. Conservation Rev. & Exp.	\$ (7,207)	\$ (7,676)			\$ (36)	\$ 195				\$ (7,517)	\$ 310
3) Elimination of Revenue Taxes	\$ (2,686)				\$ (2,686)	\$ -				\$ (2,686)	\$ -
4) Income Tax Effective Rate Adjustment				\$ (145,015)		\$ (732)				\$ (732)	\$ 732
5) Remove Prior Period Adjustment to Acc. Adj.						\$ 55,940				\$ (89,075)	\$ 89,075
6) Remove PGA						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (9,893)	\$ (7,676)	\$ -	\$ (145,015)	\$ (2,722)	\$ 48,681	\$ -	\$ -	\$ -	\$ (106,732)	\$ 96,839
FPSC ADJUSTED	\$ 517,300	\$ -	\$ 306,045	\$ 127,623	\$ 15,165	\$ 13,350	\$ -	\$ -	\$ -	\$ 462,183	\$ 55,117
PROFORMA ADJUSTMENTS											
Remove Acquisition Adjustment Amortization				\$ (49,720)		\$ 19,179				\$ (30,541)	\$ 30,541
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 517,300	\$ -	\$ 306,045	\$ 77,903	\$ 15,165	\$ 32,530	\$ -	\$ -	\$ -	\$ 431,642	\$ 85,658

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	NET PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$ 2,963,287	\$ (1,019,574)	\$ 1,943,713	\$ -	\$ 26,156	\$ 1,969,869	\$ 31,363	\$ 2,001,232
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL			\$ -			\$ -	\$ 7,783	\$ -
REMOVE NET UNREC. PGA COST DKT 030954-GU			\$ -			\$ -	\$ 7,783	\$ 7,783
TOTAL FPSC ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,783	\$ 7,783
FPSC ADJUSTED	\$ 2,963,287	\$ (1,019,574)	\$ 1,943,713	\$ -	\$ 26,156	\$ 1,969,869	\$ 39,146	\$ 2,009,015
PROFORMA ADJUSTMENTS								
Remove Acquisition Adjustment	\$ (745,800)	\$ 169,875	\$ (575,925)			\$ (575,925)		\$ (575,925)
TOTAL PROFORMA ADJUSTMENTS	\$ (745,800)	\$ 169,875	\$ (575,925)	\$ -	\$ -	\$ (575,925)	\$ -	\$ (575,925)
PROFORMA ADJUSTED	\$ 2,217,487	\$ (849,699)	\$ 1,367,788	\$ -	\$ 26,156	\$ 1,393,944	\$ 39,146	\$ 1,433,090

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN DIVISION
 YEAR END RATE OF RETURN
 For the 12 Months Ending June 30, 2014
 INCOME STATEMENT

SCHEDULE 3
 PAGE 2 OF 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPREC. & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	D.I.T. (NET)	I.T.C. (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS	\$ 527,193	\$ 7,676	\$ 306,045	\$ 272,638	\$ 17,887	\$ (35,331)				\$ 568,915	\$ (41,722)
FPSC ADJUSTMENTS:											
1) Interest Synchronization						\$ (3,192)				\$ (3,192)	\$ 3,192
2) Elim. Conservation Rev & Exp.	\$ (7,207)	\$ (7,676)			\$ (36)	\$ 195				\$ (7,517)	\$ 310
3) Elimination of Revenue Taxes	\$ (2,686)				\$ (2,686)	\$ -				\$ (2,686)	\$ -
4) Income Tax Effective Rate Adjustment						\$ (732)				\$ (732)	\$ 732
5) Remove Prior Period Adjustment to Acq. Adj.				\$ (145,015)		\$ 55,940				\$ (89,075)	\$ 89,075
6) Remove PGA						\$ -				\$ -	\$ -
TOTAL FPSC ADJUSTMENTS	\$ (9,893)	\$ (7,676)	\$ -	\$ (145,015)	\$ (2,722)	\$ 52,210	\$ -	\$ -	\$ -	\$ (103,203)	\$ 93,310
FPSC ADJUSTED	\$ 517,300	\$ -	\$ 306,045	\$ 127,623	\$ 15,165	\$ 16,879	\$ -	\$ -	\$ -	\$ 465,712	\$ 51,588
PROFORM ADJUSTMENTS	\$ -										
Remove Acquisition Adjustment Amortization				\$ (49,720)		\$ 19,179				\$ (30,541)	\$ 30,541
TOTAL PRO FORMA ADJUSTMENTS	\$ -	\$ -	\$ -	\$ (49,720)	\$ -	\$ 19,179	\$ -	\$ -	\$ -	\$ (30,541)	\$ 30,541
PRO FORMA ADJUSTED	\$ 517,300	\$ -	\$ 306,045	\$ 77,903	\$ 15,165	\$ 36,058	\$ -	\$ -	\$ -	\$ 435,171	\$ 82,129

AVERAGE	ADJUSTMENTS							LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	COMMON EQUITY	\$ 1,218,570	\$ -	\$ 1,218,570	\$ -	\$ (62,462)	\$ 1,156,108	53.95%	10.50%	5.66%	11.50%	6.20%	12.50%
LONG TERM DEBT	\$ 485,835	\$ -	\$ 485,835	\$ -	\$ (24,903)	\$ 460,932	21.51%	5.61%	1.21%	5.61%	1.21%	5.61%	1.21%
SHORT TERM DEBT	\$ 243,933	\$ -	\$ 243,933	\$ -	\$ (12,504)	\$ 231,429	10.80%	1.11%	0.12%	1.11%	0.12%	1.11%	0.12%
SHORT TERM DEBT REFINANCED LTD	\$ 128,182	\$ -	\$ 128,182	\$ -	\$ (6,570)	\$ 121,612	5.67%	4.17%	0.24%	4.17%	0.24%	4.17%	0.24%
CUSTOMER DEPOSITS	\$ 6,450	\$ -	\$ 6,450	\$ -	\$ -	\$ 6,450	0.30%	2.06%	0.01%	2.06%	0.01%	2.06%	0.01%
DEFERRED INCOME TAXES	\$ 166,447	\$ -	\$ 166,447	\$ -	\$ -	\$ 166,447	7.77%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	7.23%	0.00%	7.77%	0.00%	8.31%	0.00%
TOTAL AVERAGE	\$ 2,249,417	\$ -	\$ 2,249,417	\$ -	\$ (106,439)	\$ 2,142,978	100.00%		7.24%		7.78%		8.32%

YEAR-END	ADJUSTMENTS							LOW POINT		MIDPOINT		HIGH POINT	
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC	BALANCE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
	COMMON EQUITY	\$ 1,034,419	\$ -	\$ 1,034,419	\$ -	\$ 4,579	\$ 1,038,998	51.72%	10.50%	5.43%	11.50%	5.95%	12.50%
LONG TERM DEBT	\$ 557,722	\$ -	\$ 557,722	\$ -	\$ 2,469	\$ 560,191	27.88%	3.96%	1.11%	3.96%	1.11%	3.96%	1.11%
SHORT TERM DEBT	\$ 165,779	\$ -	\$ 165,779	\$ -	\$ 734	\$ 166,513	8.29%	1.32%	0.11%	1.32%	0.11%	1.32%	0.11%
SHORT TERM DEBT REFINANCED LTD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 6,455	\$ -	\$ 6,455	\$ -	\$ -	\$ 6,455	0.32%	2.06%	0.01%	2.06%	0.01%	2.06%	0.01%
DEFERRED INCOME TAXES	\$ 236,857	\$ -	\$ 236,857	\$ -	\$ -	\$ 236,857	11.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	6.65%	0.00%	7.17%	0.00%	7.68%	0.00%
TOTAL YEAR-END	\$ 2,001,232	\$ -	\$ 2,001,232	\$ -	\$ 7,782	\$ 2,009,014	100.00%		6.66%		7.18%		7.69%